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News Release

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Austin man convicted of filing false tax returns

After four hours of deliberation, a federal jury found an Austin man guilty last week on five counts of filing false tax returns. Kevin J. Morse, unknown age, was convicted Feb. 29 in St. Paul following a five-day trial before United States District Court Judge Paul Magnuson.

Morse was convicted of filing false returns for the tax years 1996-2000. He had previously been convicted in 1999 of filing false tax returns for the tax years 1991-1994.

Morse, a farmer between 1996 and 2000, filed returns showing no taxable income or tax owing for four of the five years, and less than \$1,000 in taxes owing for 2000. The evidence presented by the government at trial, however, showed that Morse netted more than \$680,000 on more than \$1 million in revenue from farming, interest and dividends, government farm subsidies and rental of his land to other farmers.

A tax preparer who prepared returns for Morse in 2002 testified that he calculated Morse would owe more than \$100,000 in back taxes. But instead of filing those returns, Morse filed returns in which he deducted all of his income using an irrelevant section of the tax code, and thereby claimed to owe virtually no taxes. Several other men who promoted the deduction Morse used are currently under indictment and awaiting trial in Oregon.

Prosecutors concluded that Morse owed more than \$200,000 in taxes for the years involved.

Morse faces a potential maximum penalty of three years in prison on each count, and the sentenced will be determined by Judge Magnuson at a date yet to be determined. This case was the result of an investigation by the Internal Revenue Service-Criminal Investigation Division, and was prosecuted by Assistant U.S. Attorney Robert M. Lewis.